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DEPARTMENT OF NATURAL RESOURCES
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October 29, 1991

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *adg*

RE: Site Inspection, American Gilsonite Company, Bonanza Operations, M/047/010, Uintah County, Utah

Date of Inspection: October 25, 1991

Time of Inspection: 0900 - 1130

Conditions: Fair, cool

Participants: Terry Tilley, American Gilsonite Company (AGC); Holland Shepherd, Tony Gallegos, DOGM

The purpose of this inspection was to examine several of the gilsonite mine sites which encompass the Bonanza Operations in order to evaluate the adequacy of the Division's current reclamation bond estimate. Division estimates are intended to be reviewed/revised every five years or when a transfer or change in operations occurs. AGC was formerly a branch of Chevron Chemical Company and was bonded by Chevron. AGC is now standing on its own and wishes to post a reclamation bond in their name and have the Chevron bond released.

The first area visited was the Eureka vein. Sites E15 and E14 were examined. These sites were currently inactive, although Mr. Tilley indicated that this suspension was temporary as there were still gilsonite reserves in this area. With the exception of a few pieces of equipment which had been moved to an active site, this site matched the "typical mine site" template which had been used in calculating the Division's bond estimate. Pre-law trenches, enclosed by fencing with warning signs, were evident along the vein in this area.

Active sites E29 and E30 were visited next. These sites were currently being mined and basically contained all the items included in the "typical mine site" template.

The next area visited was the Bonanza vein. Site B38 which is currently inactive, was inspected. This site is located near Ziegler Chemical Company's gilsonite operations. This site is one that requires dewatering during operations.

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The last area inspected was the Bonanza plant. A brief meeting was held at the plant, followed by a tour of the facilities. The nearby residential area is also included as part of the mine reclamation plan and was given a cursory inspection before leaving the site.

The inspection concluded with the understanding that the Division will review/revise the reclamation estimate based on the findings of this site inspection and notify AGC of the results via mail. The Division is to provide AGC with copies of the various surety forms (surety bond, letter of credit, etc.). AGC will provide the Division with an updated inventory of the mine sites which includes their status (active, suspended, reclaimed), disturbed area, and timetable for reclamation or development. These actions are to take place within the immediate future.

jb
cc: Terry Tilley, AGC
Minerals Staff
M047010.1